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25 February 2000

DRAFT - Do Not Enter

Commissioner of Patents and Trademarks
Washington, DC 20231

Dear Sir:

SUBJECT: Applicant- Neil C. Schoen
Serial Number- 09/296,864
Filing Date- 02/17/98

In response to the Examiner's Action of 01/28/2000, which was based on an incomplete CIP application due to an inadvertent misplacement of material in the applicant's file folder resulting from a delayed 1.53b petition and subsequent change of Examiners, the following actions are requested:

In the matter of the drawings (form PTO-948), it is requested that a request for formal drawing corrections continue to be held in abeyance until the allowable subject matter is determined.

With regard to the Examiner's objections, the following changes to the Claims, as properly included in the 18 February 1998 CIP application, are requested.

CLAIMS Changes

1. (thrice amended) A [technique] system to increase revenues paid to mass transit services organizations and commercial products corporations by addition of electronic lottery processes and operations, which collect

additional revenues from customers for said lottery operations, above and beyond those paid for normal services or products, [which includes] comprising:

- means for electronically identifying and redeeming customer invoicing media formats which contain modifications [comprising] which allow additional wager and customer identification information for lottery operations, [such as] said invoicing media selected from the group consisting of; fare cards, tickets, credit cards and credit card bills to provide predetermined payouts to winning lottery customers;

- means to collect said additional revenues from customers of said lottery operations;

- means to ensure the security and integrity of said lottery processes and operations to prevent fraudulent use of invoicing media to obtain said payouts of lottery funds, and wherein;

said mass transit services organizations [include] consist of [a] metro-rail systems or similar mass transit systems, and said commercial products corporations consist of large consumer retail corporations, and said means to collect said additional revenues for said lottery operations and redeem said existing customer invoicing media [includes] are selected from the group comprising [of];

- [use of] using the "add-fare" feature on existing metro-rail fare card purchase machines with an additional ticket marking indicating a lottery purchase, which is activated by an additional lottery selection button incorporated into said fare card machine;

- redeeming lottery payouts using the "cash-back" feature on existing metro-rail fare card purchase machines adapted to detect said additional ticket marking indicating a lottery purchase, with fixed or programmed payouts by said adapted machine in the form of cash;

- redeeming lottery payouts using the "add-fare" feature on existing metro-rail fare card purchase machines adapted to detect said additional ticket marking indicating a lottery purchase, with fixed or programmed payouts by said adapted machine in the form of new fare cards, analogous to new fare cards produced in normal operation of the machine as a result of an "add-fare" action;

- using existing cash registers in said commercial products corporations to add an additional marking to receipts indicating a lottery purchase;

- redeeming lottery payouts using existing receipts mailed to said commercial products corporations or crediting accounts with said lottery payouts, and wherein;

said [technique] system as described herein represents an improvement over; [:]

-current government lottery systems, which do not directly support, or may not support at all, the services used by customers of the lottery;

- "give-aways" that provide additional free product or services to customers who redeem specially marked coupons distributed with products or services the customer purchases, which does not raise additional revenues but relies upon possible increased sales;

- "gaming transactions" that require customer betting associated with the purchase price of the products or services, which complicate the transaction process by requiring probabilistic methods to determine price or payout, random number generators, modifications to the purchase process hardware and software, and interactive decisions by the customer during a purchase or transaction, as opposed to a separate transaction and a predetermined payout linked to said customer invoice media as described herein;

-traditional gaming systems such as slot machines and lottery systems, which are not presently associated with or "targeted" at specific products or services that customers wish to support.

2. (cancel)

3. (twice amended) A system according to claim 1 wherein said commercial products corporations [consists of a] are large consumer retail [products] chains with cash register networks, [such as found in department store chains,] which employ [s] magnetic stripe/manual entry credit card order [entry] machines, adapted to accept additional lottery funds by recording said funds and marking said credit card receipts for further processing to determine total funds available for payout to operate said lottery processes.

4. (twice amended) A system according to claim 1 wherein said commercial products corporations operate [an Internet system, such as an on-line service or corporation with] a large Internet marketing service, which is adapted to accept additional lottery funds by marking said customer invoicing media with the value of said additional funds and an identification code of the customer, to operate said lottery processes, and wherein;

- [said] means for electronically identifying said additional lottery funds [include] consists of adaptation of said marketing system to add to the customer on-line bill the amount chosen for lottery processes, which is equivalent to use of the existing system for recording an additional purchase of merchandise, in this case the lottery option, [;] and;

- said means for redeeming said customer invoicing media [include;] consists of [use of] mailing said media to said Internet marketing service for possible payout, or [automatic] electronic crediting of said customer's account.

5. (twice amended) A system according to claim 1 wherein parking lots, theaters and sports arenas adapt their ticketing systems to write additional information on tickets identifying the amount of lottery funds added, in addition to a ticket identification number normally present on the ticket, which is necessary to operate said lottery processes, and where customer redemption techniques [include] comprise:

- use of a mailing system to collect tickets and distribute payouts;
- use of automated redemption machines, identical to slot machines, which electronically scan the information on said tickets and distribute a predetermined or programmed amount of cash.

6. (twice amended) A system according to claim 1 wherein said existing customer invoicing media formats are utilized without modification in said lottery processes by means of a separate, post-transaction collection system, to collect said additional lottery revenues from customers, [including] said post-transaction collection system selected from the group consisting of:

- for magnetic fare cards and electronic tickets, separate collection machines identical in operation to the normal existing transaction

machines, which record the lottery transaction on the used fare card or ticket and also provide a record for said provider organization or corporation to determine payouts for later redemption, with payback revenue determined by said service or product provider organization based on the knowledge of total lottery revenue collected, as marked on said magnetic fare cards and said electronic tickets, before selection of winning tickets and payout;

- for invoicing media not in electronic or magnetic format, collection of additional lottery revenues via customer mail-in of media with addresses and funds wagered, to allow service or product provider organizations to select winners and determine payouts;

- for magnetic fare cards and electronic tickets, separate collection machines, identical in operation to a slot machine, which accept said fare cards or tickets and customer lottery funds, and deliver a preset or programmed payout, determined by the service or product provider organization, either in cash or new fare cards or tickets.

7. (twice amended) A system according to claim 1 wherein machines for producing said customer invoicing media formats are [adapted] used for said lottery processes [, including:] by [-] adapting invoicing media fare card, ticket and billing machines to record on said media said additional lottery funds paid by said customers and a unique identification code, by adding additional information by electronically or magnetically recording or printing the amount of said additional lottery funds and a customer identification code on said invoicing media, ~~said recording~~ process identical in operation to that used to create the original fare card, ticket or bill.

8. (deleted) [A system according to claim 1 wherein said means to ensure the security and integrity of said lottery processes and operations includes;

- maintaining and following existing procedures developed by providers of said services and products to prevent fraudulent use of existing customer invoicing media to be used in said lottery processes and operations;

- adapting existing procedures developed by providers of said services and products to include means for recording authentication markings or identification of lottery participants onto said existing customer invoicing media during the lottery option selection process, said recording process identical in operation to that used to create the original fare card, ticket or bill.]

End CLAIMS Changes

SPECIFICATION Changes
(to the material in the CIP inserted on page 7)

The following specification changes are submitted to correct two minor typographical errors:

In the second paragraph inserted, in line 8 in the sentence starting "The fare card 15 recording magnetic media 17 structure 19 us shown":

Delete: the word "us"

Insert: the word -- is --.

At the end of the last sentence in the second paragraph inserted:

Delete: the word "care/receipt"

Insert: the word -- card/receipt --.

End SPECIFICATION Changes

The following supportive material is submitted to clearly indicate that agreement was reached with the prior Examiner, and to further reinforce the validity of that decision. First, however, the changes above are explained in relation to the objections noted in the first Office Action Summary, albeit most are a result of erroneously using an incorrect

version of the CIP application. The Item # corresponds to the Examiner's notation in the 01/28/2000 Office Action.

Item #1: Brief descriptions of Figures 5 and 6 have been previously submitted and entered, as indicated by the Examiner in the 2/23/2000 telephone conversation. Thus this objection no longer is valid.

Item #3: The six paragraphs inserted on Page 7, but overlooked in this first Office Action, provide the adequate disclosure of exactly how the metrorail farecard system is to be modified to provide a lottery feature. Thus this objection is no longer valid.

Item #4: The claims language has been modified to conform to more standard language. Phrases "such as", "including" have been deleted, and listing of several attributes now follow in acceptable language phrases such as "consisting of" and "comprising"

Item #5: The material inserted on Page 7, now in the hands of the Examiner, and as described in #3 above, eliminates this objection.

Item #7: The following changes, along with previously overlooked changes, overcomes the rejections identified in the Office Action:

- Claim 1 line 1; the word "system" replaces "technique", as requested in an earlier telephone conversation with the previous Examiner on 5/19/98, in which he indicated that he would issue a notice of allowance with this change (after all other objection were overcome previously by CIP changes)

- Claim 1 lines 1-2; the objected to phrase was deleted in the CIP amendments now in the Examiner's hands. Thus this rejection is no longer valid.

Claim 1 line 7; the phrase "such as" has been removed. Thus this rejection is no longer valid.

Claim 1 line 6-8; the conflicting objected to phrase on lines 9-10 "software means to select to be awarded" has been previously deleted. Thus this rejection is no longer valid.

Claim 3 line 2; the phrase "such as" has been deleted. Thus this rejection is no longer valid.

Claim 4 line 1; the phrase "such as" has been deleted. Thus this rejection is no longer valid.

Claim 4 lines 1-3; the objected to phrase has been previously deleted. Thus this rejection is no longer valid.

Claim 5 lines 1-2; the objected to phrase has been previously deleted. Thus this rejection is no longer valid.

Item #9: The supportive material included with the CIP amendments in the 2/18/98 submission, now in the Examiner's hands, provides justification for overcoming the ROSSIDES rejection under 102(e). The attached copy of the 2/12/98 interview with the previous Examiner indicates that the CIP changes were sufficient to overcome the objection. The ROSSIDES patents included in the recent CIP Office Action Summary are similar in nature, if not identical with respect to issues raised in my application (they are all continuations-in-part) to those cited by the previous Examiner. I have included the pertinent parts of the previous justification, and have included additional brief justification. I would be happy to discuss this material, should you disagree with the previous Examiner, now that you have the full record of the claims and specification changes.

"With regard to the rejection under 35 U.S.C. Para 102 (e), as being anticipated by the Rossides patent, note that the changes to the Claims and Specification language now differentiates this invention over that of Rossides. In particular, note the following changes and implications:

- The new claim 1 indicates clearly that the lottery function is a mechanism for generating additional funds, separate and above the normal transaction or purchase being made, as opposed to the Rossides system in which the purchase is coupled with a gaming activity designed to reduce the funds transferred between the customer and the service/product provider, as opposed to increasing the revenue to the service/product provider in this product.
- This invention does not rely on an EVPM or need a random number scheme, since the transaction and the lottery are two separate functions, and the service product provider is only concerned with net revenue increase from the lottery function, and is free to set that return based on his knowledge of lottery revenue collected, and does not need to modify the price of his product or service.
- The Rossides invention requires significant modification of existing purchasing systems, requiring random number generation systems, modified purchasing equipment and verification systems, whereas this invention can be executed with existing systems, for example, a mail-in technique, or with post-transaction machines; therefore it does not require the service/product provider organization to expend significant costs in replacing current purchasing systems/software.
- Even though Rossides mentions the D.C. metro system (which could have appeared after the filing date of this patent and could have been added as a result of leaking out of marketing efforts for this invention), his example still deals with a gaming situation tied up with exiting the metro, which requires modification of all the metro entrance/exit gates, requires an EVPM process and slows down the traffic capacity of the metro, and thus is not a separate transaction for a lottery function, and is not described as a revenue enhancer to the metro system (since the unused funds on fare cards can easily be utilized by the "add-fare" process or supplemented as an "exit-fare" process to make up the difference when exiting the metro and thus are not good candidates for generating additional revenue for the metro-rail system), as is claimed for this invention.
- With regard to claim 4, Rossides makes no mention of Internet-based systems, and the corporation's Internet system, as a means of making a purchase, can be modified, or used un-modified with a lottery option as an additional purchase, thereby not requiring changes to the Internet

interface or screen, other than the corporation selecting winners and sending them money, a separate operation if desired."

The Examiner should be aware of the following additional differentiation arguments:

- The essence of the Rossides patent is a straightforward gambling system, much like paramutual racetrack betting. The system requires wagering between vendor and purchaser, with modifications to existing straightforward transaction software and hardware necessary to allow the vendor to accept "bets" and to compute a rational basis for accepting or rejecting the bet (or selecting the odds for payoff). This Applicant's patent deals with lottery- and sweepstakes-type operations that provide revenue enhancements, and is configured so that there is no modification necessary to existing transaction equipment- the lottery/sweepstakes functions can be handled in post transaction hardware and software, if more timely payout is desired. Otherwise, it is not necessary for any modifications to existing equipment.

These two distinctions have significant impact in real-world applications. First, commercial corporation wagering systems as described by the Rossides patents are for the most part illegal in the United States, except perhaps for special state or local government operations and states where gambling is legal. Thus commercial applications of Rossides patent would not be legal, whereas sweepstakes/lottery-like activities described in this Application can be utilized by commercial entities. Second, systems with large numbers of participants, such as theaters, sports stadiums, and mass transit systems, are extremely congested and cannot tolerate delays caused by any lottery operations. Thus the Rossides patent would not allow an unimpeded operation of such system, even if it were adapted to a revenue enhancing mode as described in this Application.

With regard to the Examiner's comments at the end of Item #9 regarding Claim 4 and the phrase "corporation with a large Internet marketing service" and the sentence structure, note that the claim language has been modified to remove any ambiguity.

Item #10: With regard to the other patent cited by the Examiner, the only one remotely connected to this Application is the GOUSSIOS patent. However, note that this patent deals with a straight lottery- there is no revenue enhancement feature. There is no provision for passengers to wager funds. This Application describes an improvement to conventional lottery processes, and thus the reference cited by the Examiner is not grounds to be used to reject the current Application, it just describes prior art, which the Applicant has included in reference material inserted as part of the CIP application.

In summary, it is respectfully requested that the Examiner allow this patent to issue. The Applicant has gone to considerable expense, based on the indication of the previous Examiner that the patent would issue. This included a paid investigation by a reputable law firm of the legality of implementing systems proposed in the patent. Indeed, it appears that the primary initial target market for this patent will be state and local government activities which involve the public in a legal manner (mass transit, sports stadia funded by government bonds sold to the public, etc.). A briefing was provided to the Washington metrorail management as well, and considerable time was spent with a local corporation to provide hardware manufacturing capabilities for any subsequent embodiment of the patented technologies. Copies of these documents are provided for the Examiner to include in the file folder as supporting evidence of the validity and market options for this invention, and to provide whatever additional differentiation over prior art that can be gleaned from such documents.

Sincerely yours,

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Neil C. Schoen, Ph.D.